

**Meeting Minutes for
Subcommittee on Natural Gas and Transportation Fuels
House Majority Caucus Room
Statehouse, Boise, Idaho
September 7, 2006 - 9:30 a.m.**

The meeting was called to order by the Co-chair Senator Mike Jorgensen. Other members present were the Co-chair Representative Bert Stevenson, Senator Kate Kelly, Representative Wendy Jaquet, Hillary Sinnamon, Paul Martin, Russ Hendricks, Mike Hunnington, Bruce Wilding Suzanne Schaefer and Steve Thomas. Senator Fulcher and Representative Andrus were absent and excused.

Other persons present for all or a portion of the meeting were Eric Cutter, E3; Mike Nugent, Legislative Services Office; Bob Hoppie, John Crockett, Gerry Galinato, Idaho Energy Division; Dan Kirschner, NW Gas Association; Mike McGown, Martin Bauer and Jess Byrne, Department of Environmental Quality; Courtney Washburn, Idaho Conservation League; Dar Olberding, IGPA and Climate Solutions; Laura Johnson, Department of Agriculture; Don Reading, Ben Johnson and Associates; Brenda Tominaga Idaho Irrigation Pumpers; Chris Inouye, Intrepid Technology; Russell Westerberg, Westerberg and Associates; Doug Paddock, Snake River Alliance; and Ron Williams, TESCO.

Eric Cutter of E3, Martin Bauer and Mike McGown of the Department of Environmental Quality and John Crockett of the Idaho Energy Division all gave presentations which are on the Legislature's web page at <http://www.legislature.idaho.gov/sessioninfo/2006/Interim/interimcommittees.htm#energy> under the icon for the title of the subcommittee.

Senator Kate Kelly and Mike Hunnington summarized the results of the September 6th Subcommittee on Conservation and Demand Side Management.

Steve Thomas and Russ Hendricks discussed the results of the Biofuels Working Group. The group developed six recommendations pertaining to biofuels for the State Energy Plan. However the group failed to reach consensus on advocating for a renewable fuel standard. Some working group members would only support the six recommendations with the agreement that no working group member would pursue additional proposals before the state legislature, including a renewable fuel standard, for five years. Other working group members felt that such a commitment would be too restrictive and that a renewable fuel standard or other measures may prove necessary for the development of a viable biofuels market in Idaho.

The six recommendations developed by the Biofuel Working Group were:

1. Provide Grants to retailers for biofuels infrastructure
2. Provide investment tax credits for biofuels production, transportation and distribution infrastructure

3. Promote a culture of conservation
4. Provide a counter-cyclical biofuel produce incentive that supports the industry when wholesale prices for biofuels decline below certain levels.
5. Support a flexible fuel vehicle state fleet pilot project
6. Provide incentives to livestock feeders to use ethanol plant by-product for feed.

For the remainder of the meeting, members developed policy recommendations for the Energy, Environment and Technology Interim Committee to consider in developing a State Energy Plan. The final recommendations are listed below.

Recommended Policies and Potential Action Items Approved by Consensus September 7, 2005

1. Alternative Fuels

It is in the interest of Idaho to promote the production and use of alternative fuels through policies, strategies and actions that are cost-effective and environmentally sound. In adopting incentives and other measures the state should consider the benefits to economic development, security, reliability, environmental protection and public health.

Incentives may include, but are not limited to, tax deductions, tax exemptions, tax credits, loans, loan guarantees, grants, and parking and HOV lane privileges. Potential measures may include, but are not limited to:

1. Encouraging state fleet purchases and use of alternative fuel and fuel efficient vehicles
2. Incentives for alternative fuels feedstock providers and producers located in Idaho
3. Encouraging future development of cellulosic ethanol production in Idaho
4. Incentives for the purchase of flex-fuel and alternative fuel vehicles
5. Incentives for retail and wholesale alternative fuel supply infrastructure
6. Incentives for the sale and purchase of alternative fuels
7. Promoting research and development and business-university partnerships to speed the commercialization of alternative fuel technologies.
8. Encouraging education and promotion campaigns for alternative fuels

2. Conservation and Efficiency in Transportation Fuel Usage

It is in the interest of Idaho to promote conservation and efficiency as a means of improving the reliability and cost of Idaho's transportation fuel supply and reducing transportation related emissions. Potential measures may include but are not limited to:

1. Working with other states to promote an increase in Federal CAFE standards
2. Incentives for the purchase of high mileage, flex-fuel and alternative fuel vehicles
3. Promoting the use and expansion of public transportation where effective in reducing vehicle miles traveled, including intercity transportation where feasible
4. Promoting the reduction of truck and tour bus idling
5. Encouraging the use of rail and intermodal freight transportation where feasible
6. Encouraging regional land use planning and policies that minimize vehicle miles traveled

3. Natural Gas

It is in the interest of Idaho to employ the highest and best use of natural gas and to ensure that Idaho consumers have access to an abundant and reliable supply from diverse and varied resources. Potential measures may include, but are not limited to

1. Encouraging the highest and best use of natural gas.
2. Encouraging direct end use in applications for which natural gas is the most efficient energy source.
3. Encouraging, where appropriate and cost effective, the use of natural gas vehicles for company and/or state owned fleets
4. Promoting non traditional natural gas supply resources, including landfill methane, anaerobic digesters, and biomass methane.
5. Supporting responsible exploration and production of natural gas supplies and the expansion of the transmission, storage and distribution infrastructure
6. Supporting the siting of liquid natural gas terminals and other infrastructure in the United States to provide delivery capability to Idaho

4. Petroleum Resources

It is in the interest of Idaho to support responsible exploration and production of petroleum supplies and the expansion of transmission, storage and distribution infrastructure benefiting Idaho.